



DEPARTMENT OF THE TREASURY

OFFICE OF PUBLIC AFFAIRS

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TREASURY ANNOUNCES NEW CASH MANAGEMENT TOOL

The Treasury Department today announced that, effective November 2003, it will offer a Term Investment Option (TIO) as a cash management alternative for investing excess cash balances in financial institutions that participate in the Treasury Tax and Loan (TT&L) Program. The TIO is designed to meet two primary Treasury cash management objectives: to add investment capacity to the TT&L Program, and to increase the rate that Treasury earns on invested funds.

“The TIO will greatly assist our ongoing efforts to manage cash more efficiently and effectively” said Treasury Fiscal Assistant Secretary Donald V. Hammond. “The banks who participate in our TT&L investment program will benefit from greater certainty regarding the amount and timing of funds we invest.”

Term investment offerings will be announced one day prior to each auction. Treasury will post TIO auction announcements and results on Treasury’s Financial Management Service’s (FMS) website at www.fms.treas.gov/tip/index.html. TT&L depositories interested in becoming participants in the TIO program should contact the TT&L National Customer Service Area at (800) 333-0870.

The TIO was first used on a pilot basis in April 2002 to test the viability of placing excess Treasury balances with TT&L depositories for a defined term and rate as determined through a competitive auction process. The evaluation of the pilot program concluded that both cash management objectives were met.

The TT&L program encompasses two separate components – a depository component, and an investment component. Currently, about 9,500 financial institutions participate as TT&L depositories processing Federal tax payments from business taxpayers for employee withholding and other types of taxes. Nearly 1,200 of the TT&L depositories borrow excess short-term Treasury operating balances not needed for immediate cash outlays by participating in the investment component of the TT&L program. The TIO is designed to supplement, not replace, existing investment alternatives available in the TT&L program.

